

ROADMAP FOR A NATIONAL STRATEGY FOR FINANCIAL EDUCATION IN **ARMENIA**



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EDUCATION IN ARMENIA**



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1. SHORT BACKGROUND OF THE CIS PROJECT

Building on internationally-recognised expertise and longstanding commitment to advancing financial literacy around the world, the OECD/INFE is leading a three-year technical assistance project on Financial Education in the Commonwealth of Independent States (CIS)/Eurasia. The project will provide dedicated guidance and technical support for the design, implementation and review of evidence-based financial education strategies and policies in six CIS/Eurasian economies: Armenia, Azerbaijan, Belarus, Kazakhstan, the Kyrgyz Republic and Tajikistan. This project will draw on OECD/INFE outputs and the expertise and experience of its wide membership to support the design, implementation and evaluation of effective financial education strategies and policies as a complement to financial consumer protection and inclusion approaches.

The project involves four work streams focused on the following priority areas to be adapted to each country context and particularities:

- Advanced data collection and analysis of financial literacy levels and gaps
- Developing, implementing and reviewing effective national strategies for financial education
- Addressing youth's financial literacy needs through schools and out-of-schools initiatives
- Identifying and meeting the financial literacy needs of migrants and their families

Where relevant, the project will benefit from the global expertise of the G20/OECD Task Force of Financial Consumer Protection. This project is being undertaken with financial support from the Ministry of Finance of the Russian Federation and benefits from its technical expertise and participation in project activities.

2. RELEVANT CONTEXT

a History, geography and politics

Armenia, officially the Republic of Armenia, is a sovereign state in of Eurasia. Armenia has borders with Georgia to the north, with Turkey to the west and south, with Azerbaijan to the east and southwest, and with Iran to the south. The country spans 29,743 square kilometres of mountainous terrain centred on the Ararat Valley¹.

The modern Republic of Armenia became independent the Soviet Union on 21 September 1991, following the dissolution of the Soviet Union. Armenia is made up of 11 provinces, with Yerevan as the capital. The official language is Armenian, although Russian is also widely used. Armenia has a population of 3 million in 2016². The majority of the population is constituted by Armenians (98% in 2011). Minorities include Russians, Yezidis, Assyrians, Greeks, Ukrainians, Jews, Kurds and others³. The majority of the population follow the Armenian Apostolic Church⁴.

The monetary unit of Armenia is the Armenian dram (AMD).

The capital of Armenia is Yerevan (with counts approximately 1 million people). Gyumri and Vanadzor are the other two largest cities.

Since independence in 1991, Armenia operated in a semi-presidential system. In recent years, Armenia achieved its transition from a semi-presidential system to a parliamentary republic. Parliamentary elections in April 2017 were conducted according to the amended Constitution and the new electoral law. The president has been elected by the parliament rather than popular vote in spring 2018.

Opposition leader Nikol Pashinyan was elected as prime minister in May 2018 after he spearheaded weeks of mass protests against the ruling party, transforming the country's political landscape. Armen Sargsyan was elected president in March 2018, when the country moved from a presidential system of government to a parliamentary system.

b International membership

Armenia currently has diplomatic relations with more than 180 countries worldwide. Armenia is a member of the Eurasian Economic Union, the Council of Europe and the Collective Security Treaty Organization. Armenia is a member of more than 40 international organisations, including the United Nations; the Council of Europe; the Asian Development Bank; the Commonwealth of Independent States; the World Trade Organization; World Customs Organization; the Organization of the Black Sea Economic Cooperation; and La Francophonie. It is a member of the Collective

¹ <http://www.am.undp.org/content/armenia/en/home/countryinfo.html>

² https://www.unfpa.org/sites/default/files/sowp/downloads/The_State_of_World_Population_2016_-_English.pdf

³ [http://www.europarl.europa.eu/RegData/etudes/briefing_note/join/2014/522341/EXPO-AFET_SP\(2014\)522341_EN.pdf](http://www.europarl.europa.eu/RegData/etudes/briefing_note/join/2014/522341/EXPO-AFET_SP(2014)522341_EN.pdf)

⁴ <http://www.bbc.com/travel/story/20170330-the-worlds-first-christian-country>
<https://en.wikipedia.org/wiki/Armenia>

Security Treaty Organization (CSTO) military alliance, and also participates in NATO's Partnership for Peace programme.⁵

c Economy

ARMENIA	2018
Population, million	2.9
GDP, current US\$ billion	12.4
GDP per capita, current US\$	4.238
Poverty Rate (US\$5.5/day 2011PPP terms) (2016)	50.0
Life Expectancy at birth, years (2015)	74.6

Source: <https://www.worldbank.org/en/country/armenia/overview>

After gaining independence in 1991, the government of Armenia implemented a policy of liberal market economics, started a privatization programme and took actions to switch to market economy. Armenia has recorded strong economic growth since 1995 and inflation has been negligible for the past several years. Even though the recession in 2008-2009 affected negatively the economic growth of the country, the Armenian economy is currently improving. According to 2017 Index of Economic Freedom in terms of Investment Freedom, it rates significantly higher than the world and regional averages (the 33th freest) with a “Mostly free” grade. The government has made some improvements in tax and customs administration in recent years, and it simplified business procedures, leading to greater regulatory efficiency. Following expansionary fiscal policies in recent years, steps have been taken to limit the cost of government through more prudent management of public finance⁶.

The main sectors of Economy in Armenia are mining, energy (including renewable energy), construction, information technology, food processing and beverages, jewellery and diamond processing, tourism and financial services. Armenia stands out for its inexpensive but highly skilled labour force, developing and rather liberal banking regulations, favourable investment legislation, existence of free economic zones, etc.⁷

Trade is important to Armenia’s economy; the value of exports and imports taken together equals 71 percent of GDP⁸.

⁵ <https://en.wikipedia.org/wiki/Armenia>

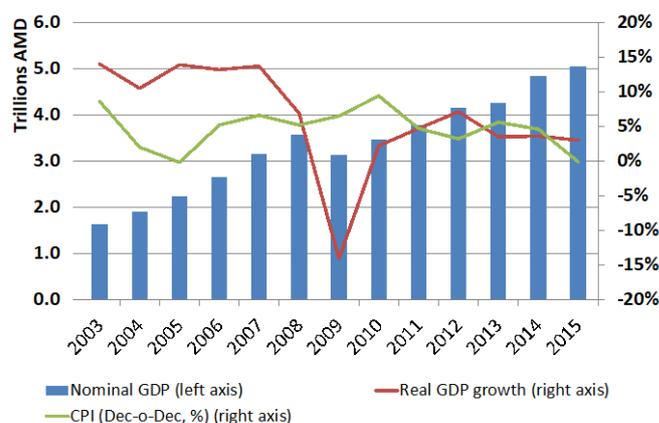
⁶ http://www.heritage.org/index/pdf/2017/book/index_2017.pdf

⁷ *Doing business in Armenia 2016*, Commercial guide for investors, Grant Thornton Armenia, 2016

⁸ http://www.heritage.org/index/pdf/2017/book/index_2017.pdf

Figure 1

Macroeconomic performance



Source: Central Bank of Armenia

Armenia has most trade relations with Europe, the Middle East, and the Commonwealth of Independent States. As Armenia has only two open trade borders – with Iran and Georgia – most of its gas, oil, and other supplies come through these two countries.⁹

Armenia joined the World Trade Organization (WTO) in January 2003. Armenia is member of the Eurasian Economic Union, World Customs Organization and the Organization of the Black Sea Economic Cooperation.

Remittances are an important part of the economy, and after falling by 35% in 2015, dropped a further 10% in 2016. Declining wage and remittance income increased the poverty rate from 22.6% in 2015 to 23.9% in 2016. In 2016, the volume of remittances received from abroad was \$1,330 million, which was around 13% of the GDP.¹⁰ According Doing business Armenia ranks 43 for 2016 on its ease of doing business.¹¹

d Migration

The issue of migration is very important in Armenia with about 30% of the population living outside the country. The government of Armenia is paying more attention to this problem and the 2014-2025 Strategic Program of Prospective Development highlights the links between migration and development.

⁹ <http://unesdoc.unesco.org/images/0022/002299/229906E.pdf>

¹⁰ Nurbekyan, A. and N. Hovanessian. 2018. Financial Inclusion, Regulation, Financial Literacy, and Financial Education in Armenia. ADBI Working Paper 843. Tokyo: Asian Development Bank Institute. Available: <https://www.adb.org/publications/financial-inclusion-regulation-financial-literacy-and-financial-education-armenia>

¹¹ <http://documents.worldbank.org/curated/en/869691478080293788/Doing-business-2017-equal-opportunity-for-all-Armenia>

Table 2 Migration in Armenia

	2000	2015
Total population (in thousands)	3 076	3 018
Stock of emigrants	865 553	937 299
% of emigrants to total population	28.1%	31.1%
Destination countries (%)		
Russia	55%	56%
Azerbaijan	22%	16%
United States of America	8%	9%
Ukraine	6%	5%
France	1%	2%
Greece	1%	2%
Germany	1%	1%

Source: UN DESA (2015), Trends in International Migrant Stock: The 2015 Revision, database, www.un.org/en/development/desa/population/migration/data/estimates2/estimates15.shtml.

In this regards, Armenia collaborates with international organisation including the European Union and the OECD. The European Union and the OECD Development Centre have implemented a project on the Interrelations between Public Policies, Migration and Development (IPPMD) since 2013 and cooperate with Armenia in the framework of the project. The project aims to provide policy makers with evidence of the untapped development potential embodied in migration and the role of a range of sectoral policies in realising this potential.

A number of country-level workshops, meetings and interviews have been organised to design the research strategy in Armenia, to conduct the fieldwork and co-drafted the country report¹². The report addresses three dimensions of the migration cycle that have become an important part of the country's social and economic contexts: emigration, remittances and return. The results of the empirical work confirm that even though migration contributes to the development of Armenia, the potential of migration is not fully exploited. One explanation is that many policy makers in Armenia do not sufficiently take migration into account in their respective policy areas. Armenia therefore needs to adopt a more coherent policy agenda to do more to integrate migration into development strategies, improve co-ordination mechanisms and strengthen international co-operation. This would enhance the contribution of migration to development in the country. The report is published in OECD webpage and is available [here](#).

The immigration issue is also high importance in Armenia with more than 17000 Syrians refugees in 2016¹³. The government of Armenia, especially the Ministry of Diaspora, undertakes

¹² OECD/CRRC-Armenia (2017), Interrelations between Public Policies, Migration and Development in Armenia, OECD Development Pathways, OECD Publishing, Paris. <http://dx.doi.org/10.1787/9789264273603-en>; <http://www.oecd.org/dev/migration-development/ippmd.htm>

¹³<https://www.forbes.com/sites/elizabethmacbride/2016/05/31/100-years-ago-syrians-took-in-armenians-now-armenia-is-a-refuge-for-this-family-to-rebuild/#692a425a2b80>

Elizabeth MacBride, CONTRIBUTOR, "100 Years Ago, Syrians Took In Armenians. Now, Armenia Is A Refuge For This Family To Rebuild", MAY 31, 2016 , Forbes

several actions to facilitate the integration of Syrian-Armenian and Iraqi-Armenian refugees in Armenia¹⁴.

In May 2017, the Government of Armenia approved a strategy and an action plan (2017-2021) for migrants' support and effective implementation of policies in this regard. The strategy also includes a financial education programme for migrants, planned for 2018-2019. The main responsible bodies for the project are Central Bank of Armenia, the Ministry of Economic Development and Investments, and the State Migration Service of Armenia.

e **Financial sector**

Armenia's financial system is dominated by banks. Banks account for 88% of the total assets of the system followed by credit organizations with 8.7% (Figure 1). There are no separate legal or regulatory definitions of microfinance institutions. Credit organizations cover the activities of microfinance in Armenia and are regulated by the CBA. Insurance companies account for only 1% of total assets.

The banking system is the biggest part of the Armenian financial market. As of 30 June 2016, there were 20 commercial banks operating in the Republic of Armenia. They had 526 branches in Armenia, of which 232 were located in Yerevan. The Central Bank of Armenia increased the minimum capital requirements for banks from AMD5 billion to AMD30 billion in 2014 effective in 2017. The new requirements have been met by 17 banks (93% of total banking assets). Four operations of banking acquisitions and affiliations have been realized. Because of the changes, as of 01 January 2017, 17 banks are operating in Armenia.

As of December 2017, there were 35 credit organizations in Armenia, including 31 universal credit organizations, three refinancing credit organizations, and one credit union. Credit unions and universal credit organizations extend loans, while refinancing credit organizations refinance the loans of banks and credit organizations. The number of credit organizations has more than doubled since 2006, reaching 35 in 2017, and the number of branches increased from two in 2006 to 205 in 2017.¹⁵

As of June 30 2016, there were 7 licensed insurance companies. In the first half of 2016, there were 2 investment fund managers with permission to operate as mandatory pension fund managers in Armenia. Each of the two manages three mandatory pension funds.¹⁶

The financial system has experienced a rapid growth since the Global financial crisis. The ratio of bank deposits to GDP increased from 10% in 2006 to around 40% in 2016. The credit-to-GDP ratio increased from below 10% in 2006 to about 50% in 2016.

¹⁴Working plan of the Ministry of Diaspora of the Republic of Armenia for the year 2017; http://www.mindiaspora.am/am/Programs_2017

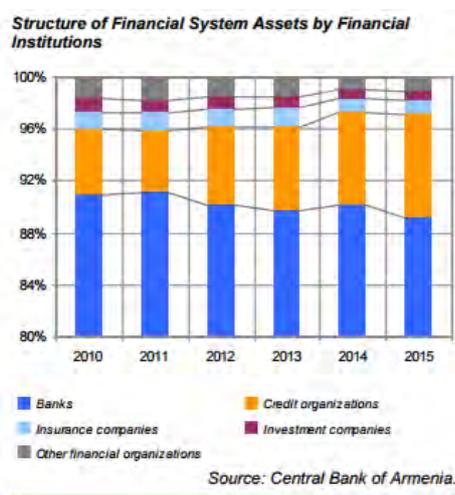
¹⁵ Nurbekyan, A. and N. Hovanessian. 2018. Financial Inclusion, Regulation, Financial Literacy, and Financial Education in Armenia. ADBI Working Paper 843. Tokyo: Asian Development Bank Institute. Available: <https://www.adb.org/publications/financial-inclusion-regulation-financial-literacy-and-financial-education-armenia>

¹⁶ https://www.cba.am/EN/ppperiodicals/Fin_stab_1_16_eng.pdf

Assets of credit organizations increased from AMD21 billion in 2006 to AMD391 billion in 2016 (Figure 4). The assets-to-GDP ratio reached 7.77% in 2016 from 0.78% in 2006.

The insurance market is small accounting for only 1% of financial sector assets as of the end of 2016. Although the assets-to-GDP ratio of insurance companies almost tripled during the last decade, it is still quite low at around 0.9%. The main growth driver of the sector has been the introduction of compulsory third-party motor liability insurance in Armenia in 2011. 17

Figure 2



Total credit to the private sector rose by 15% by December 2016 (y-o-y), lending in domestic currency increased by 24%. The nonperforming loan ratio steadily increased from 10.6% in December 2014 to 17% in March 2016¹⁸.

The number of customers served in the commercial banks of Armenia grew by 2.6% in 2015 to reach 2,327,000 at yearend, mostly due to an increase in the number of natural person customers by 2.9% relative to 2014 (reaching 2,251,000 at yearend 2015). The number of legal entity customers shrunk by 4.1% and reached 76,400 at yearend 2015. During the year, the number of bank

accounts (current and savings) grew by 10% and reached 3,334,000. The number of legal entity accounts grew by 2.2% and reached 148,400 at yearend. The number of bank accounts (current and savings) of individuals grew by 10.4% and reached 3,183,000 at yearend 2015¹⁹

Dollarization has been a defining feature of the Armenian economy since independence, although dollarization deepened following the crisis. The preference for foreign currency is, in part, due to the high levels of remittances emanating from the large diaspora population (7 million versus just over 3 million in-country) residing in Europe, the US and Russia. Dollarization rates for bank deposits and loans have remained broadly unchanged in recent years. The Armenian banking sector faces a high level of dollarization (63% of total loans and 66% of deposits).

The non-bank sector is underdeveloped, with a small but growing insurance sector and a tiny capital market. Developing this sector is a priority for public authorities, in light of pension reform and other policy measures which will increase the presence of institutional investors and will increase product innovation.

¹⁷ Nurbekyan, A. and N. Hovanessian. 2018. Financial Inclusion, Regulation, Financial Literacy, and Financial Education in Armenia. ADBI Working Paper 843. Tokyo: Asian Development Bank Institute. Available: <https://www.adb.org/publications/financial-inclusion-regulation-financial-literacy-and-financial-education-armenia>

¹⁸ <http://www.worldbank.org/en/country/armenia/overview#3>

¹⁹ https://www.cba.am/EN/ppperiodicals/finham_16_eng.pdf

The ACRA Credit Bureau , the first private credit bureau in Armenia, was founded in January 2004 and has contracts with banks, micro finance organizations, utility companies, grantors and insurance companies operating in Armenia. The primary objective of credit bureau operations is data gathering from the above mentioned institutions, processing, timely updating of information as well as safeguarding the information and preserving the necessary confidentiality²⁰. In the first half of 2015, the number of borrowers registered with the ACRA Credit Bureau increased by 2.3%, relative to December 2014, and amounted to 1.5 million borrowers as of June 30. Of this number, 98% are individuals. The number of loans available in the database has grown by 6.9% and reached 10.8 million, as of June 2015, compared to December 2014. The Credit Bureau has started providing credit reports since April 2007. The number of credit reports provided in the first half of 2015 grew by 23% compared to the same period of the previous year.²¹

***f* Armenian educational system**

The education system of the Republic of Armenia comprises state education standards, educational programmes of different levels and directions ensuring education continuity, and education institutions and education management bodies (“Law on Education” 1999).

The education system of Armenia includes the following education levels: pre-school education; general secondary education comprised of primary, middle level and high school; preliminary vocational, middle level vocational and higher professional education (which correspond to university-level education); post-graduate education, specialist training and qualification improvement institutions.

According to the General Education National Curriculum Framework, the general secondary education in Armenia is implemented in the 12-year general secondary schools through the following sequential three levels:

- Primary school -4 years (grades 1-4);
- Middle school - 5 years (grades 5-9);
- High school - 3 years (grades 10-12).

The Gross enrolment in the general education is quite high: in recent years, the average rate has been about 90%. The enrolment in basic education system is homogeneous in terms of territorial distribution, gender and poverty groups, and in this sense, there are no significant disparities. At the same time, the high school gross enrolment rate is significantly lower - approximately 85% on average. However, it should be taken into account that about 10% of students graduating from basic school continue their education in preliminary vocational and middle vocational institutions. Thus, the high school low enrolment rate does not mean that a significant portion of students drops out from education.

In the 2012-13 academic year, in total 386,439 students were enrolled in general education schools, of which 48.1% were girls. Some 98.5% of the enrolled students studied in state schools

²⁰ www.acra.am

²¹ https://www.cba.am/EN/ppublications/Fin_stab_1_16_eng.pdf

and 1.5% did in private schools. The total number of children studying in special education institutions was 2817, which forms only 0.7% of the total number of students. 60.5% of students studied in urban schools and 39.5 % studied in rural schools. ²²

²² "Education for All 2015 National Review Report: Armenia", REPUBLIC OF ARMENIA MINISTRY OF EDUCATION AND SCIENCE, 2014

Table 3: Number of general schools according to the level of education programme

	Number of Schools			
	2009	2010	2011	2012
Total	1457	1450	1441	1435
in urban areas	585	579	573	570
in rural areas	872	871	868	865
Primary schools	13	13	13	12
<i>in urban areas</i>	4	4	4	1
<i>in rural areas</i>	9	9	9	11
Basic schools	313	457	495	461
<i>in urban areas</i>	163	306	346	315
<i>in rural areas</i>	150	151	149	146
High schools	52	102	118	109
<i>in urban areas</i>	49	95	112	102
<i>in rural areas</i>	3	7	6	7
Gymnasium	28	21	18	16
<i>in urban areas</i>	27	21	18	16
<i>in rural areas</i>	1	-	-	-
Secondary schools	1051	857	797	837
<i>in urban areas</i>	342	153	93	136
<i>in rural areas</i>	709	704	704	701
Special schools	26	28	27	27

Table 4

Data	2007	2008	2009	2010	2011	2012
Primary school						
Total	93.2	95.5	96.1	96.8	99.0	95.2
<i>female</i>	93.5	96.2	96.3	97.4	99.6	96.0
<i>male</i>	92.9	94.9	95.9	96.4	98.4	94.5
Basic school						
Total	95.9	93.5	92.1	91.6	91.8	94.8
<i>female</i>	96.0	94.0	92.7	92.1	92.2	95.6
<i>male</i>	95.9	93.0	91.6	91.1	91.5	94.0
High school						
Total	82.9	81.9	83.9	84.4	72.8	74.1
<i>female</i>	88.7	86.0	88.6	90.9	79.5	81.5
<i>male</i>	77.4	78.1	79.4	78.4	66.5	67.4
General school						
Total	89.2	90.8	90.2	90.1	86.3	89.2
<i>female</i>	90.4	92.1	91.7	91.8	88.5	91.7
<i>male</i>	88.2	89.6	88.9	88.6	84.4	86.9

Source: "Education for All 2015 National Review Report: Armenia".

g Access to, use of, and preference for various communication tools

Data from the Central Intelligence Agency indicate²³ that there is a total of 551,366 fixed telephone lines, with 18 subscriptions per 100 inhabitants (July 2015 est.). There are 3.442 million mobile phone subscriptions, with 113 subscriptions per 100 inhabitants (July 2015 est.).

In Armenia, 2 public TV networks operate alongside about 40 privately owned TV stations that provide local to near nationwide coverage. Major Russian broadcast stations are widely available and subscription cable TV services are available in most regions. Armenian TV completed conversion from analogue to digital broadcasting in late 2016. The Public Radio of Armenia is a national, state-run broadcast network that operates alongside 21 privately owned radio stations; several major international broadcasters are available (2017). Internet users amounted to 1.78 million, covering 58.2% of the population (July 2015 est.).

3. CURRENT NEEDS/CHALLENGES FACED BY THE POPULATION: FINANCIAL LITERACY ASSESSMENTS

Armenia has participated in different financial literacy assessments such as the OECD/INFE financial literacy survey (2010) and the World Bank financial capability survey (2012). The data and the findings of these surveys were used for the development of the National Strategy on Financial Education in Armenia (NSFE) (adopted in 2014).

The OECD/INFE financial literacy survey (2010)²⁴ was a pilot study conducted in 14 countries across 4 continents. In Armenia, the Central bank of Armenia (CBA) collected face-to-face interviews with 1,545 respondents aged 18 and above.

The World Bank financial capability survey (2012) was conducted overall in 11 different countries by using the same methodology. In Armenia, the sample was nationally representative of the adult (18+) population living in households. The CBA collaborated with the WB and a survey agency to conduct face-to-face interviews with 2000 respondents.

The Financial Capability Barometer (2014)²⁵ was based on the new Financial Capability Barometer (FCB) methodology designed by the Central Bank of Armenia, in co-operation with the Alliance for Financial Inclusion (AFI). This methodology is designed taking into account the specificities of the country as well as the measurable targets and financial education topics covered by NSFE. It is fully in line with NSFE and adapted to the financial competency matrix for adults in

²³ <https://www.cia.gov/library/publications/the-world-factbook/geos/am.html>

²⁴ Atkinson, A. and F. Messy (2012), "Measuring Financial Literacy: Results of the OECD / International Network on Financial Education (INFE) Pilot Study", OECD Working Papers on Finance, Insurance and Private Pensions, No. 15, OECD Publishing, Paris, <https://doi.org/10.1787/5k9csfs90fr4-en>.

²⁵The Central Bank of Armenia, in cooperation with AFI; Financial Capability Barometer, a new methodology for measuring the financial capability of a country's population, March 2017, <https://www.afi-global.org/publications/2483/Financial-Capability-Barometer>

Armenia. The objective of the FCB is to obtain a baseline assessment of financial capabilities and to monitor the effectiveness of the NSFE over time. The CBA plans to repeat the Financial Capability Barometer every 5 year.

The Financial capability Barometer gives a scoring matrix with a Financial Capability Index (FCI) and 39 sub-indexes (see Table 1). All indicators are expressed as percentages. The sub-indexes include 28 indexes across seven thematic areas and financial capability components (knowledge, skills, attitude and behaviour), seven aggregated indexes for each thematic area and four aggregated indexes for each financial capability component.

The Scoring matrix for Armenia is the following:

Table 5: The scoring matrix for Armenia

CAPABILITY THEMES ↓	CAPABILITY ASPECTS →				TOTAL THEMES
	A. KNOWLEDGE	B. SKILLS	C. ATTITUDE	D. BEHAVIOR	
A. ECONOMY	subindex_AA	Index_AB	Index_AC	Index_AD	Index A_
	25.4%	63.6%	44.8%	23.6%	39.3%
B. BUDGET	Index_BA	Index_BB	Index_BC	Index_BD	Index B_
	54.3%	34.4%	54.4%	41.6%	46.1%
C. SAVINGS	Index_CA	Index_CB	Index_CC	Index_CD	Index C_
	27.5%	35.4%	43.0%	28.9%	33.7%
D. DEPT	Index_DA	Index_DB	Index_DC	Index_DD	Index D_
	29.7%	47.9%	52.2%	67.9%	45.1%
E. SHOPPING	Index_EA	Index_EB	Index_EC	Index_ED	Index E_
	21.1%	77.9%	70.8%	23.1%	48.2%
F. RIGHTS	Index_FA	Index_FB	Index_FC	Index_FD	Index F_
	37.4%	67.4%	56.9%	69.5%	57.8%
G. SAFETY	Index_GA	Index_GB	Index_GC	Index_GD	Index G_
	10.0%	13.2%	74.8%	67.1%	41.3%
TOTAL ASPECTS	Index_A	Index_B	Index_C	Index_D	FCI
	29.3%	48.5%	56.7%	43.7%	44.5%

A FCI equal to 44.5% means that, the financial capabilities of population match with the Financial Competencies Matrix only by 44.5%. Every sub-index can be read the same way. For example, the Knowledge sub-index (_A) equal to 29.3% shows that only 29.3% of the financial knowledge defined in the Financial Competencies Matrix across the seven thematic dimensions exists in the population. The sub-index ‘Economic Impact’ (A_) shows that only 39.3% of this financial capability (knowledge, skill, attitude and behaviour) is present. The Knowledge sub-index of ‘Savings and Long-term Planning’ (CA) is 64%, meaning that the population’s knowledge about savings is 64% on average.

The FCI and other sub-indexes are scaled lowest (0-20%), low (21-40%), middle (41-60%), high (61-80%) and highest (81-100%). The indexes are calculated based on the average for each ‘capability component-thematic area group’ (AA to GD 28 sub-indexes in Table 1). Using the same principle, the sub-indexes are then calculated for each thematic area and capability component. Given that all thematic dimensions and capability components are equally important, the FCI is calculated as the average of the 28 sub-indexes.

Some detailed results of the Survey:

- Scores on Attitude and Behaviour are higher than on Knowledge and Skills
- FCI of women is equal to that of men
- FCI of elders is lower than the FCI of people aged 18-60

By Topics

- Budgeting & planning' is poor and overestimated, especially for those with seasonal incomes
- Debt management is relatively good, only 1/3 mentions they refinance their debt, 2/3 pay their debts on time
- Shopping around and Rights protection cultures are relatively strong. If provided with easy tools people will use them effectively
- People significantly overestimate their capabilities about fraud protection

Inclusion

- 16% could not mention any financial product
- Products by popularity: loans (35%), bank account (28%), debit/credit card (19%), money transfer (17%), insurance (16%), deposit (5%) and pension accounts (2.4%)
- 14% have savings, 5 % of these savings are deposited in banks, while the rest is saved in cash
- 42% have debts, 70% of those from formal sector
- Insurance culture is very poor; 16% have insurance, and only 12% of those voluntarily

The OECD survey of financial literacy and financial inclusion²⁶ in CIS countries conducted in 2017 looks at several components of financial literacy (knowledge attitudes and behaviours) as well as demand-side aspects of financial inclusion:

- Financial knowledge, based on people's responses to 7 questions checking their understanding of inflation, interest and compound interest, risks and returns, and the benefits of diversification;
- Financial behaviour, based on assessing 9 aspects related to financial control, financial resilience, and making informed financial product choice;
- Financial attitudes towards money and planning for the future; and
- Financial inclusion, in terms of products awareness and choice, and financial products holding.

The OECD/INFE (2017) reveals that the average literacy score in Armenia is 11.4 (out of a maximum of 21). The results have shown that, compared to FCB (2014) results, there is an increase of financial literacy level in the country. Nevertheless, a large number of issues still need to be addressed. In terms of measuring the financial knowledge, 27% of adults in this study achieved the minimum target score used elsewhere in OECD reports (minimum target score of 4 out of 7). In terms of financial behaviour half of respondents (50%) reach the target score (which is 6 of the 9

²⁶ Atkinson, A. (2018), OECD/INFE report on adult financial literacy in CIS countries.

behaviours). The Attitude score remains low; only 1 in 5 people (20%) in Armenia had attitudes that would reinforce their overall financial literacy.

Knowledge

Fewer than three in ten adults achieved the minimum target score for knowledge, which is slightly below the average across the 7 countries reported, and significantly below the G20 average of 48%. Understanding of the relationship between inflation and purchasing power of money was higher than in the other participating countries. In addition, women were significantly less likely than men to achieve this target, and this finding holds even after taking into account other factors.

Regression analysis indicates that financial knowledge was particularly low among women; adults aged 70-79, non-working adults, and those with household incomes that are below the median.

Booster samples of migrants and rural populations achieved higher financial knowledge than adults on average in Armenia.

Behaviour

Half of all respondents (50%) in Armenia achieved the minimum target score for behaviour, slightly below the average across 7 countries (55%). Fewer than half of adults (48%) were active savers at any point in the previous 12 months, well below the average across the 7 countries (63%), 76% reported that they could not always make ends meet, and two thirds had borrowed money the last time this had happened.

Regression analysis indicates that financial behaviour scores were lowest among those in towns and large cities, older adults (aged 70-79), non-working adults, and those on a low income. Adults who had not used a computer in the last 7 days also had lower financial behaviour scores than those who had.

A booster sample of SMEs achieved higher financial behaviour scores than adults on average in Armenia.

Attitudes

A relatively small proportion of adults achieved the minimum target score in Armenia (just 20%, compared with a mean of 34%).

Armenia (with Kazakhstan) had the largest proportion of adults reporting that they totally agreed that they tend to live for today and let tomorrow take care of itself (25%). However, considerably more respondents totally disagreed with this statement (48%) indicating significant differences in attitude across the population.

Almost half of respondents (46%) completely agreed that they find it more satisfying to spend than to save for the longer term and 4 out of 5 completely agreed that money is there to be spent (far more than in other countries).

Regression analysis indicates variation in financial attitudes by the size of commune, with lower scores in small towns, villages and large cities than in town and cities. Adults aged 40 and over also achieved lower attitudes scores than their younger counterparts, as did those on or below median income.

Financial inclusion

The proportion of respondents in Armenia that had chosen a financial product in the last 2 years (65%), and the proportion reporting that they were aware of at least 5 of the product types discussed (53%) are both close to the average across the 7 countries. In contrast, far more people in Armenia had turned to family to save or borrow (53%) than on average (37%). Armenia had a similar proportion of people holding credit products (38%) as payment products (41%), which is particularly worrying given the short-term preferences discussed above.

4. DESCRIPTION OF THE CURRENT STATUS OF CONSUMER PROTECTION AND THE NSFE IN THE COUNTRY

4.1. Institutional framework: The Central Bank of Armenia (CBA)

The CBA is the single regulator and supervisor of the financial sector in Armenia.²⁷ The CBA is also in charge of developing, implementing and enforcing consumer protection policy in Armenia in the sphere of financial services. The consumer protection mandate of the CBA is given by the Article 5. 1. F) of the Law on the Central Bank, defining one of the objectives of the CBA to "ensure essential conditions for protection of rights and lawful interests of the financial system consumers".

The Central Bank of Armenia is the leading institution who is responsible financial consumer protection and financial education in the country. Since 2007 the Central Bank has taken several forward-looking steps in improving consumer protection and financial literacy in Armenia under the new mandate. In addition, the CBA established a Consumer Protection and Market Conduct Division within the Financial Stability Department.

From 2007 to 2014, the Division established fundamental consumer protection legislation and mechanisms (hot line, comparison tools, web site, etc.), realized several financial educational programmes and conducted inspections of the business conduct of all types of financial institutions.

In 2014, the creation of a Consumer Protection and Financial Education Centre within CBA gave to the CBA more capacity and institutional power to implement consumer protection and financial educational programmes. The team included only 4 people in 2007, working on financial education, consumer protection regulation and supervision at the same time, and it increased to include 15 people in 2014. As for 2018 the Centre has 3 structured and separate functions: consumer protection regulation, business conduct supervision and financial education. The Head of Centre is directly reporting to the top management of the CBA (Deputy Chairman, Chairman and the Board of Central Bank of Armenia). The CBA has a board member responsible for coordinating and overseeing its financial education activities.

²⁷ The law of the Central Bank of the Republic of Armenia

4.2. Consumer protection regulation and supervision within CBA

The regulatory and supervisory framework is being continually deepened in Armenia to help build a strengthened consumer protection framework across key strategic areas: market conduct regulation, market conduct supervision, and dispute resolution and redress mechanisms.

In 2012, the World Bank conducted a Diagnostic Review of Consumer Protection and Financial Literacy for Armenia²⁸ which aimed to: a) assess the existing financial consumer protection framework, by reviewing laws, regulations and practices in Armenia compared to international good practices; and b) provide recommendations on ways to improve consumer protection and financial literacy in Armenia. Following the WB recommendations, the CBA increased its activity in consumer protection and financial education.

Market conduct regulation mainly covers the following aspects:

- ✓ Disclosure and transparency
- ✓ Responsible business conduct
- ✓ Complaint handling
- ✓ Protection of consumer assets against fraud and misuse
- ✓ Protection of consumer data and privacy
- ✓ Advice

In this regard, a number of Laws and regulations have been approved, the main ones are:

Law on Consumer Credit: the purpose of this law is of protecting rights of consumers of consumer credit, developing the credit system and establishing unilateral rules, enhancing financial mediation and increasing consumers' confidence towards the financial system.

Law on Attraction of Banking Deposits: The purpose of this law is to establish unified procedures and conditions for attraction of deposits by banks and protection of consumer rights through these procedures.

Law on Financial System Mediator: for setting up complaint handling mechanisms and creating the office of financial system mediator in Armenia.

Each industry law (on banks, credit organizations, insurance companies, funded pension system etc.) has some provisions of consumer protection.

In addition, the following laws and regulations have been approved as well:

- Law on Residential Mortgage Credits,

- Regulation 8/01 "Explanations and examples of the calculation of annual percentage rate of charge (APRC)",
- Regulation 8/02 "The calculation of annual percentage yield (APY) of bank deposits",

²⁸ World Bank (2012), Armenia : Diagnostic Review of Consumer Protection and Financial Literacy, Volume 1. Key Findings and Recommendations. <https://openknowledge.worldbank.org/handle/10986/13226>

- Regulation 8/03 “Information publication by banks, credit organizations, insurance companies, insurance brokers, investment companies, central depository and payment and settlement organizations carrying out cash transfers”,
- Regulation 8/04 “Minimum Conditions and Principles for Internal Rules, Regulating the Procedure of Examination of Complaints of Customers”,
- Regulation 8/05 “Rules of business conduct of financial institutions”,
- Regulation 8/06 “Requirements to methods and Procedures for Applying Rules of Business Conduct with Guarantors by Banks and Credit Organizations”.

At the same time, CBA realizes on-site and off-site investigations of financial institutions to monitor the compliance of the financial institutions’ conduct to Consumer rights protection laws and regulations. Mystery shopping is also widely used by CBA to verify sales practices of financial institutions.

The off-site monitoring includes monitoring websites and social media, TV and radio advertising, published information and advertising materials, and the information of the «Financial helper». The CBA undertakes specific on-demand investigations based on red flags (e.g. complaints, media coverage, etc.). The monitoring could include, for example, monitoring of internal legal acts, monitoring of radio advertising, testing via focus groups in order to verify disclosed information. The on-site monitoring is done according to the onsite supervision manual that defines four key areas of interest for complex on-site market conduct inspections: 1) Financial services rendered (terms and conditions, content of contracts, fees, etc.) 2) Interaction with consumers (conduct of the sales process, information disclosure, staff qualifications, etc.) 3) Internal redress mechanism, 4) Advertisements and other published information.

The CBA has enforcement power. If after off-side and on-side inspections the CBA identifies non-compliance to the laws, rules and regulations, or finds inappropriate actions, it can apply punishment tools and deterrence to discourage financial institutions from further violations.

A hot-line is operating within the Consumer rights protection and financial education centre of the CBA. More than 5,000 calls through the hotline and over 300 written applications were received in 2017, most of which concerned banking.²⁹

The Central Bank created FinInfo.am a comparative analytical shopping tool which compares and shows all financial services available at this moment in the market arranged by the best offer (less costly)³⁰. Consumers need to fill the information about the services that they need, and the system provides them a comparative analysis of all existing financial services at the moment. The content is filled by financial institutions. All the process is regulated and controlled by CBA via internal regulations.

²⁹ https://www.cba.am/EN/ppublications/finham_16_eng.pdf

³⁰ During 2018 this tool has been rebranded. The previous name was “Financial Helper”.

4.3. Other key players

The Office of Financial System Mediator

This is the key institution in settling financial services-related disputes out of court in Armenia. The Office of the Financial System Mediator is an independently-managed institution. Established pursuant to the Republic of Armenia Law on Financial System Mediator, the Office has been functioning since January 24, 2009. Its founder is the Central Bank of Armenia.

The office is responsible for the resolution of disputes between individual consumers and financial organizations. The Mediator's services are free of charge with focus on mediated solutions – but the Mediator also has a power to issue a binding decision if the parties are unable to agree on a solution. If individuals are not satisfied with the decision of the Mediator, they can bring the complaint to a court (as well as going to a court directly without first lodging their complaint with the Mediator).

The objectives of the Office include protecting consumer rights and interests in the financial market, ensuring fast, effective and free review, handling clients' claims, and enhancing public confidence in the financial sector+financial education.

The Office is an establishment with independent management system. The Mediator is appointed by the Board of Trustees of the Office and reports directly to the Board of Trustees. The members of the Board of Trustees are appointed as follows: one member by the Republic of Armenia Government, one member by the Board of the Central Bank of Armenia, four members by unions of organizations, and one member by organizations that advocate protection of consumer rights.

The Office is funded by financial institutions (banks, credit organizations, insurance companies, pawnshops, etc.) licensed by the Central Bank through regular mandatory fees, as prescribed by law. The amount of these fees is set for each type of organization under the law. The share of each organization in total contributions is small.

In the framework of its mandate, the Office realises financial education projects for the public and it is a member of the NSFE Steering Committee.³¹

Deposit Guarantee Fund

The Deposit Guarantee Fund of Armenia is a non-commercial organization, founded by the Central Bank of Armenia in accordance with the law on "Guarantee of remuneration of bank deposits of physical persons".

The Funds guarantees deposits in all banks operating in Armenia. Refund is effected in case of insolvency of a bank. The maximum amount subject to refund of guaranteed deposits is 10 million drams. If the sum is deposited in foreign currency, the maximum amount subject to refund is 5 million drams³². The Fund guarantees deposits by its own means, which are formed from regular

³¹ www.fsm.am

³² Exchange rate 1USD=485 AMD approximately

quarterly premiums made by all banks. The Central Bank of Armenia supervises the operations of the Fund.

In the framework of its mandate, the Fund conducts financial education projects for the public and it is a member of the NSFE Steering Committee³³.

ACRA credit bureau³⁴

ACRA Credit Bureau is an essential element of the financial sector. It is defined as a data bank that keeps records of consumers' payment patterns of various types of credit obligations.

"ACRA Credit Reporting" CJSC, the first private credit bureau in Armenia, was founded in January 2004 and is cooperating with all banks and micro finance organizations operating in Armenia. The primary objective of credit bureau operations is data gathering from the institutions, processing, timely updating of information as well as safeguarding the information and preserving the necessary confidentiality.

Armenian Motor Insurers' Bureau (AMIB)³⁵

The Armenian Motor Insurers' Bureau (AMIB) is a self-regulatory organization registered by Central Bank of Armenia. The AMIB was established in 2010 to enter into agreements with the Government about to compensate claims from people who have been involved in accidents which were caused by uninsured or untraced drivers. The AMIB is funded by a levy on its member insurance companies.

4.4. Membership in International organisations with mandate of consumer protection and financial education

The central bank is a member of the following international organisations with an interest in financial education and consumer protection:

OECD/INFE: The Central Bank of member is full member of OECD/INFE Technical Committee, co-leader of the Working Group on "Standards, Evaluation and Implementation" and member of Working Groups on Core competencies and National Strategies.

Alliance of financial inclusion: The Central Bank is member of Alliance of Financial Inclusion and co-leader of consumer empowerment and market conduct subgroup (CEMC).

Child and youth finance international: the CBA is closely collaborating with Child and youth finance international, it participates in the Global Money week as well as in others events and conferences of CYFI.

Advisory Board of Consumer Protection and Financial Access under Eurasian Economic Union (Armenia, Russia, Belarus, Kazakhstan, Kyrgyzstan).

³³ www.adgf.am

³⁴ Acra.am

³⁵ www.paap.am

4.5. Financial education framework in Armenia

a. *Current status of the NSFE*

Since 2007, the CBA and several other organisations initiated and implemented different financial educational initiatives.

In 2014, the NSFE has been approved by the Government of the Republic of Armenia in and is now in the implementation phase. It sets up a collaborative multi-agency framework and platform coordinated by the Central Bank of Armenia³⁶. The Steering Committee of NSFE Elaboration and Implementation officially started its work in mid-2012.

NSFE contains two parts: 1) The strategy for creating the required environment and conditions to increase the level of financial literacy of the population in Armenia on a 20-year perspective, 2) an Action Plan 2014-2019 for the strategy implementation. The NSFE Action Plan is inseparable part of NSFE. It is going to be revised every 5 years according to the needs.

The National Strategy of Financial education defines the framework according to which the projects to increase the level of financial literacy should be implemented by different interested stakeholders and policymakers. The NSFE is designed taking into account good practice and recommendations provided by international organisations including the OECD. Some of them have been adapted to the Armenian context and reality.

The NSFE was developed to promote a national and coordinated approach to improve the financial well-being of Armenians, to provide a plan for all interested and concerned agencies and organisations to work in partnership to develop and deliver initiatives to increase the financial literacy of all Armenians.

First of all, the NSFE points out the existing problems that the Armenian population is facing on personal budget management matters and shows the importance and benefits of increasing the level of financial education in Armenia from the point of view of government, population and the whole society.

Next, it sets up the institutional base for the further implementation and monitoring of financial educational projects by explaining the leadership and cooperation mechanisms and defining the Structure and functions of the Steering committee of NSFE.

Then, the document defines and explains more deeply the different elements of the strategy for the development and implementation of financial education in Armenia. It gives the main goals and objectives, the definition and content of financial education, the principles, priorities and target groups, the programmes and other information that are priorities for country and that policymakers should follow while implementing financial education programmes.

Besides, separate parts highlight the principles/rules of implementing the financial education in schools and after-schools. NSFE also defines monitoring and assessment as well as funding mechanisms of financial education programmes.

³⁶ Protocol Decision N47 RA Government Session “the National Strategy of Financial Education of the Republic of Armenia and the Action Plan 2014-2019”; November 13, 2014

The Action plan concludes the document with a detailed description of projects, timeframes and responsible institutions.

b. Leadership and cooperation

Effective leadership and Cooperation mechanisms have been set up in form of the Steering Committee of NSFE.

The Steering Committee for development and implementation of the National Strategy of Financial Education has been initially established by the Central Bank of Armenia to draft and implement the NSFE. The power of Steering Committee has been strengthened by the adoption of the NSFE by the Government.

More than 18 institutions from public and private sectors as well as NGOs are members of NSFE Steering Committee. The CBA is chairing and coordinating the works of NSFE Steering committee. The Committee meets every 3 months (in total 4 times a year) to discuss the process of design and implementation of NSFE action plan, exchange views and information as well as to take appropriate decisions and actions if needed.

Everyday information exchange between Committee members is organised through an online interactive platform to which all members have access and where they are free to exchange information (members can follow the posted information, make posts, write comments etc.). The Platform is managed by the Central Bank of Armenia.

The NSFE defines the role and functions of the Committee, the members as well as coordination and cooperation schemes. So according to the NSFE:

“The Committee is an interagency advisory body, members of which cooperate to ensure the effective performance of the development and implementation of the NSFE in the Republic of Armenia. The actions of the NSFE are coordinated by the CBA. The Ministry of Education and Science of the Republic of Armenia is responsible for the NSFE programme curriculum in the educational institutions; the CBA and other members of the Committee are responsible for adopting and implementing the programmes outside the educational institutions.”

“In the scope of NSFE the Committee is responsible for the development of NSFE and its action plan, definition of priorities and coordination of financial education programmes foreseen under NSFE, communication with stakeholders, as well as ongoing revision of the programme implementation process and NSFE once each 5 years or in other time frames when needed”

The Committee consists of

1. The Board Member of CBA (Chairman of the Committee)
2. Head of the Department of General Education of Staff of the Ministry of Education and Science of the Republic of Armenia (Member of the Committee: optional)
3. Head of the Consumer Rights Protection and Financial Literacy Centre of the CBA (Member of the Committee)
4. Head of the Labour and Employment Department of staff of the Ministry of Labour and Social issues of the Republic of Armenia (Member of the Committee: optional)

5. Head of the Division of the Financial Market Development and Methodology of the Department of Financial Market Development of the Ministry of Finance of the Republic of Armenia (Member of the Committee: optional)

6. Head of the Division of the Training of the Pedagogical Staff of the National Education Institute of the Ministry of Education and Science of the Republic of Armenia (Member of the Committee: optional)

7. CEO of the Insurance Market Association Union of Legal Entities (Member of the Committee: optional)

8. CEO of the Union of Banks of Armenia (Member of the Committee: optional)

9. CEO of the Association of Mortgage Market Participants of Armenia (Member of the Committee: optional)

10. CEO of the Association of Credit Organizations of Armenia (Member of the Committee: optional)

11. Financial System Mediator (Member of the Committee: optional)

12. CEO of the Armenian Insurers' Bureau Union of Legal Entities (Member of the Committee: optional)

13. Director of the Armenian Deposit Guarantee Fund (Member of the Committee: optional)

14. President of the Consumer Rights Protection NGO (Member of the Committee: optional)

15. President of the Junior Achievement of Armenia NGO (Member of the Committee: optional)

16. CEO of the AYB Educational Foundation (Member of the Committee: optional)

17. Specialist of the Consumer Rights Protection and Financial Literacy Centre of the CBA (Secretary of the Committee)

18. Head of the Department of General Education of staff of Yerevan Municipality (Member of the Committee: optional)

19. Head of the Division of Territorial Administration and Development of Staff of Ministry of Territorial Administration of the Republic of Armenia (Member of the Committee: optional)

All willing individuals or organizations interested in financial education are free to participate in the Committee with the status of observer. For example, in 2012-2013 the representatives of the private sector, the Nasdaq OMX Armenia, the German Savings Banks Foundation for International Cooperation and other organisations have supported on a voluntary basis the development and implementation phase of the NSFE.

c. *Priorities: Mission, objectives and principles of the NSFE*

The NSFE was prepared in consultation with key financial literacy partners and stakeholders, and after conducting considerable research (OECD/INFE 2009 and WB 2012). These studies focused on the knowledge and skills in personal finances management matters of the Armenian population as well as their attitudes and behaviour. The historical, economic, social context and priorities have also been taken into account.

The mission of the NSFE is “to increase the level of financial literacy of the persons living in the Republic of Armenia, which will promote financial stability, deepen financial mediation and improve the welfare of the people in the country”.

The objective of the NSFE is “to create and develop the necessary institutional environment enabling people living in the Republic of Armenia to become financially literate, including:

- a. develop institutional environment
- b. include financial education in schools
- c. ensure appropriate infrastructure for post school education
- D. establishes effective coordination, monitoring and evaluation systems for the implemented programmes”.

The NSFE defines also measurable targeted indicators in two areas: the share of financially literate people and the level of financial inclusion in the formal sector. It is clearly mentioned in NSFE that these measurable targets should be not considered as absolute objectives, because reaching them does not only depend on financial education, but also on policies in other sectors. The measurable targets should be considered as guiding objectives to assess the overall effectiveness of NSFE.

The shares of financially literate individuals and financial inclusion in formal sector were set for adults (18+). These indicators depend not only on the behaviour of a person, but also on the offers available in the market at a given time. The indicators of Column 2 for 2012 are approximate values taken from the WB survey results. The indicators of Column 3 are defined based on the methodology of NSFE impact assessment according to the results of the 2014 survey (FCI).

The principles: the NSFE defines the principles according to which financial education should be implemented: They are the following:

- **“Lifelong learning”**. According to NSFE, an individual should receive fundamental and practical knowledge on personal finance throughout his life. The NSFE defines two stages for receiving financial education which are:
 - ***I stage. Obtaining fundamental knowledge*** during which individuals receive the primary part of knowledge on personal finance forming their attitudes (psychological and cultural values) towards money and finance.
 - ***II stage. Acquiring practical knowledge***. Based on the knowledge obtained in the first stage, people acquire additional knowledge on finance, which conditions their behaviour towards finance and financial services.
- **“Using variety of ways and methods”** of financial education which could be more appropriate to the target audience as well as to the place and moments of receiving FE.
- **“Using simple and perceivable information”**: this principle highlights that it is important to provide financial education in simple, easy and catchy manner and to not overload with information and not to stress people with difficult and long materials. It also mentions that focusing on more practical and applicable aspects is more efficient than using more theoretical content.
- **“Defining priorities”**. According to this principle, it is important to understand and recognize that it is impossible to implement all programmes simultaneously, as they require significant time and resources. It is necessary to identify the most vulnerable

target groups to mobilize the efforts to their benefit first. Thus, it is necessary to compare the expenses and effectiveness of all programmes and to prioritize them.

- **“Monitoring and impact assessment of financial education programmes”** This principle highlights the importance of assessing the effectiveness of projects before and after its launch, as well as to monitor usage of variety of assessment tools to achieve better results.

The target groups of NSFE have been identified according to the WB survey results (World Bank 2012) and the national priorities of Armenia. The NSFE defines the following target groups: schoolchildren, students, farmers, women, person under teachable moment.

- **Schoolchildren:** The target group “schoolchildren” covers different age groups. The NSFE highlights that financial education in schools should be included in primary, secondary and high schools programmes. In this way, children aged 17 - 18 will obtain all necessary knowledge on which to build their studies in higher education institutions or during the next years of education. Starting from primary classes till high school graduation, each year pupils will learn the knowledge relevant to their age group.
- **Students.** Students as potential young workers will start facing or have already started facing personal finance issues, such as scholarship or the first salary, etc. Additionally, students according to Armenian cultural characteristics are innovation carriers and presenters into families, therefore, students can spread financial education within their families as well.
- **Farmers.** The WB survey results revealed that farmers have issues with financial knowledge and awareness. Farmers with unstable or seasonal varying income often face problems with budget planning and deficit for the upcoming agricultural season.
- **Women.** WB survey results show that personal and family budget management is carried out mostly by women. This is related to the fact that most men in Armenian families live abroad for seasonal work and family budget management is transferred to women.
- **People in a teachable moment.** targets include people who need financial education in particular stage of their life, which can be used as a teachable moment. Such moments can include the formation of labour relations, marriage and family formation, children birth, unemployment, purchase of an apartment, purchase of a car. Other situations may also turn out to be a teachable moments, such as policy reforms or special financial programmes. It is important to implement financial education in the right moment as in these situations people are more prepared to receive and apply information provided.

d. Definition of Financial Education by NSFE

The NSFE³⁷ defines a financially literate person as follows: “A financially capable person is a person who has the knowledge, abilities, skills and culture, which give them the opportunity to be

³⁷ Protocol Decision N47 RA Government Session (November 13, 2014), National Strategy of Financial Education of the Republic of Armenia and) the Action Plan 2014-2019 of the National Strategy of Financial Education of the Republic of Armenia

informed, make responsible decisions about their personal finances, and take the right actions according to the situation”.

Moreover, the NSFE indicates that a “financially literate person should also gain self-confidence to make responsible decisions on his personal finance, undertake effective actions matching the given situation and to improve his personal financial status”.

NSFE does not include the activities related to the marketing, entrepreneurship and advice or conviction to use a specific financial service from financial education. Yet, the NSFE highlights that entrepreneurship can get along with financial education to contribute to the development of positive attitudes towards money and to a culture of making responsible decisions.

e. The “Financial competency matrix for adult”

The “Financial competency matrix for adult” gives a detailed description of financial education content and defines the minimum competencies that adults should have to be considered financially capable. The matrix is a separate document from the NSFE, which was designed and approved by NSFE Steering Committee in 2014.

The Matrix is composed by four components of financial capabilities (knowledge, skills, attitude and behaviour) and seven thematic areas defined by the NSFE in Armenia:

1. Economy impact
2. Budgeting
3. Saving and Planning
4. Debt management
5. Shopping Around
6. Rights Protection
7. Financial security, scams and fraud

The matrix is an important toolkit for designing financial education projects as well as for the assessment of the financial literacy level of the population (e.g. FCI methodology was designed in a way that reflects the complete picture of financial capability in each crossroad of components and thematic areas (e.g. knowledge-debt management)). The thematic areas defined in the matrix are based on the results of previous surveys (OECD 2009; WB 2012) as well as the historical, political and social/economic situation of Armenia.

f. Types of financial education activities in NSFE

The NSFE distinguishes financial education programmes according to the defined target groups and to the principle that financial education is lifelong process and should be provided in every stage of life.

The activities are classified as:

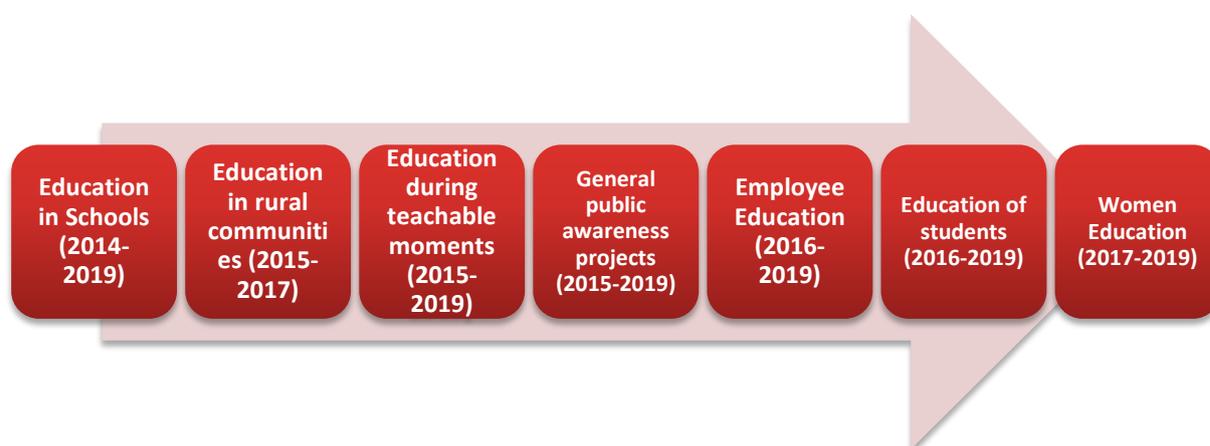
1. Financial education in schools
2. Financial education out of school
 - i. Students
 - ii. Women
 - iii. Employees
 - iv. Rural communities

- v. Education during teachable moments
 - vi. General public awareness
 - vii. Education through mass media
3. Training of Trainers
 4. Monitoring and Evaluation

Two separate big sections “financial education in schools” and “financial education after schools” define more deeply and in detail the approaches of their implementation. Financial education in schools will be presented in detail further in this document in section 4.6.

g. Action Plan

The Action Plan of NSFE gives a detailed description of activities under every project, responsible institutions as well as the deliverables and timeframes for the period of 2014-2019. The Action Plan reflects the integrity of projects aiming to achieve the objectives of the NSFE based on the timeframe and stakeholder responsibilities.



h. Funding

The NSFE defines possible funding approaches and mechanisms that can be used for financing financial educational projects in Armenia. The NSFE defined the possible sources of funding as following:

- Public institutions. CBA and other public authorities (Financial System Mediator, Pension System Awareness Center, etc.), which are already implementing partial financing and are going to continue financing some financial education programs in the scope of their mandate.
- Donors. Considering the relevance of the topic, numerous international and national institutions are ready to finance financial education programs.
- Financial organizations. Participants of financial markets (also as part of corporate social responsibility) and their associations should also initiate financial education programs or support the operating ones. Here it is important, that these type of initiations do not become marketing activities.
- Public-private partnership. NSFE programs can be financed through the public and private cooperation as well.

- Other organizations. Some organizations can support financial education projects in the scope of their current possibilities (for example, distribute booklets, provide space), free of charge.

i. Monitoring and evaluation mechanisms

The NSFE underlines the importance of monitoring and evaluation in two respects: 1) evaluation of effectiveness of separate programmes and 2) monitoring of the progress and the assessment of the financial literacy level of the society.

For the evaluation and assessment of the effectiveness of financial literacy programmes, policy makers in Armenia use various techniques, such as focus groups method, pre-post assessment, randomized control trials experiments, research studies etc. The objectives of the evaluation and assessment are to understand the needs and preferences of target groups concerning the content and methods of financial educational programmes, to assess the behaviour change of participants after realizing specific financial educational programmes, as well as to assess the effectiveness of financial programmes.

For the assessment of the level of financial capability in Armenia, Nationwide surveys have been designed and being put in place in Armenia. **The Financial Capability Barometer (FCB)** methodology designed by the Central Bank of Armenia, in co-operation with the Alliance for Financial Inclusion (AFI) is the actual National survey methodology. It is taking into account the specificities of the country as well as the measurable targets and financial education topics covered by NSFE. It is fully in line with NSFE and adapted to the financial competency matrix for adults in Armenia. The objective of the FCB is to obtain a baseline assessment of financial capabilities and to monitor the effectiveness of the NSFE over time. The CBA plans to repeat the Financial Capability Barometer every 5 year.

4.6. Detailed description of current financial education initiatives³⁸

a. Financial education in schools

As of 2012 economics related topics in schools was implemented only through the subject “Social Science”. In particular, only seven hours were taught on economics related topics within this subject in the VIII and IX grades. Some elements of financial education appear in the content of Mathematics (calculation of interest rates). Additionally, early financial education activities in schools were partly supported by the NGO Junior Achievement, through the cooperation with a limited number of schools and the organization of private classes in these schools. Junior Achievement Armenia is still continuing a programme for high-school students on the basis of a Memorandum of Understanding with the Ministry of Education. Their programme components

³⁸ based on CBA experts knowledge and CBA publications

include: 1) doing business and entrepreneurship (e.g. writing business plans), and 2) a citizen component (how people become responsible citizens).

In 2014, the NSFE Steering Committee defined the need and advantage to have a complete and lifelong learning approach in term of teaching financial education in schools. Thus, the integration of financial education in school became one of the main components of NSFE Armenia as well as one of the priorities of the Government. The NSFE defines the approach to the implementation of financial in schools as follows: 1) integration of financial education components in existing subjects which is now in process, and 2) implementation of separate optional subject only in high school as the schedule in schools is at maximum load (which means that new subjects can be introduced only through reducing the others). A relevance to incorporate separate optional subject “personal finances” (age 16 to 18 years old, 10-12 classes) is still to be evaluated.

Alongside efforts to introduce financial education in schools as part of the NSFE, Armenia is also implementing a project for the improvement of Armenian educational system with the support of World Bank since 2015. In the framework of the project, all school textbooks are in the process of being revised thus presenting an important opportunity for incorporating key financial education content into pre-selected subjects such as maths, social sciences, etc.

Since then, **the Central Bank of Armenia closely collaborates with Ministry of Education (MOE) and National Institute of Education (NIE) since the adoption of NSFE.** A working group for the drafting and implementation of the project has been created under the NSFE committee in November 2016. Since then, the following works have been done:

- **Design and approval of “the financial competences matrix for learners (2015).** The document describes the elements of all those necessary financial knowledge, skills, attitude and behaviour for four age groups, which are essential for formation of respective financial capabilities. All the competences are described gradually – from the simplest to the most complex, and include the seven thematic sectors of financial education.

- **Choice and approval of subjects where financial education should be integrated (2015).** CBA, MOE and NIE have already identified and approved the subjects where the financial education should be integrated. The chosen subjects are

- Mathematics (age 6 to 12 years old, 2-6 classes);
- Me and the world around (age 6 to 10 years old, 2-4 classes),
- Algebra (age 13 to 17 years old, 7-11 classes);
- Social science (age 14 to 17 years old, 8-11 classes).

- **Creation of working group for the FE content design (2016-2018).** A working group has been created to design the content materials of financial education to be integrated in the existing subjects. The working group is divided into 3 task force teams (Me and the world around, Mathematics and Algebra, Social Science). Every task force is composed of one expert from the education system (teaching methodology expert), one expert from the financial authorities (financial education expert), and one practitioner/teacher. A psychologist and evaluator from Ministry of Education are engaged in the working group as well to make sure that all materials are developed according to the respective standards. Based on the “Financial competences matrix for learners” the working group developed the following documents:

1. Financial Education Curriculum for each subject,

2. Teacher training module and program,
3. Teacher manuals for each subject,
4. ToT module and program
5. Other tools and materials used for mentoring, monitoring and evaluation during pilot.

- **Pilot (2017-2018):** The pilot of the project was implemented in school year 2017/2018. 46 teachers from 13 schools were trained to integrate financial education into their subjects during the whole year. According to the estimations more than 1700 learners were engaged in the pilot. During the pilot pre-post focus groups were initiated to assess the effectiveness of the project. Moreover, the working group experts were engaged to monitor and evaluate the teachers by class observations and regular meetings with teachers. The results of pilot were highly positive suggesting the relevance of the project and positive impact across knowledge, skills, attitude and behaviour of learners, teachers as well as the parents.

- **Training of trainers (2018):** In early 2018, the applications for becoming a trainer were released. According to the detailed selection procedure and ToT 76 trainers were contracted to implement teacher trainings across all over the country. There are 2 types of trainers, which are going to conduct teacher trainings in peers: financial and methodological trainers. Financial trainer is responsible for ensuring that teachers get enough financial knowledge, skills, attitude and information to be able to effectively navigate themselves. Methodological trainers aim to provide the needed skills to ensure proper integration in the class.

- **Teacher training (2018-2021):** In frame of the project all 11780 teachers of 4 subjects from 1421 schools of Armenia should be trained till 2021. In 2018, it is planned to train 2821 teachers from 352 schools. Teachers are trained based on 3+2 approach, which means that each teacher receives 3 days intensive training then applies received knowledge and skills in the classroom for 1.5-2 months and then receives additional 2 days training. Besides, continuous mentoring is provided to teachers by trainers.

b. Financial Education for Youth

In Armenia, several projects are implemented to raise the awareness and the interest of youth towards financial education as well as to increase their level of financial literacy. These projects include:

Finance & Economics High School Brain-Ring Competition

The annual Brain-Ring Competition on economic and financial issues for high school children is organized in cooperation with Junior Achievement Armenia for more than 9 years. More than 500 students from 100 different high schools competed with each other on economic and finances questions. During the finals, 11 winning teams competed with each other. All participants and the winning team receive awards from the CBA and the JA Armenia as well as from other financial institutions that express interest to take part in the event.

“CITIZEN” financial education program in schools

The objective of the project is to empower the teachers and students with knowledge, skills, tools and instruments that will allow them to explore and find out the community issues in personal budget management, as well as financial inclusion and then propose possible solution strategies. Besides that, the goal of the project is to develop the feeling among high-school students that they are responsible citizens of their country and they are responsible for their rights and need to take actions to improve the well-being of the society. The project has started in 2011, with the close collaboration between CBA and “Civitas - Armenian Centre for Democratic Education” Armenia NGO.

After the training of teachers the knowledge and skills acquired is transferred to the students who realise research and analyses during the whole educational year. The results of the research are presented during the annual exposition organized in this regard.

Global Money Week

Since 2015 Armenia participates in the Global Money Week (GMW). GMW is held every March and is followed by the “My Finance Month” project ran in April. Numerous financial and educational institutions take part in this initiative, such as the Central Bank of Armenia, “Mkhitar Sebastatsi” Educational Complex, Junior Achievement Armenia, Anania Shirakatsi Educational Complex, Mkhitar Sebastatsi Educational Complex, Eurasia Educational Centre, 109th high school (Yerevan), 195th high school (Yerevan), 3rd high school (Gyumri), Gyumri Foton College, 5th high school (Vanadzor), 11th high school (Vanadzor), Dilijan State College, Armenian State University of Economics, Eurasia University, Aeon club, “PASS” LLC, Central Bank of Armenia Visitor Centre, The members of National Strategy of Financial Education, Aflatoun, COAF. Total number of children & youth getting involved is around 3500 each year. Armenia was declared regional winner, Europe & Central Asia, of the The Global Inclusion Awards 2016 by the Child & Youth Finance International (CYFI).

Campus of Mediation

In cooperation with the Financial System Mediator the CBA is taking part in the project of the “Campus of Mediation”. The project was established in 2017 targeting children below 12 years from the families with low and lower medium income. In the scope of the project different financial regulators and institutions are travelling to the summer camps and organizing financial fair, workshops, games and seminars for the children. During the project children familiarise themselves with the financial main players and obtain basic concepts on the personal finance.

My Finance Month

My finance month (MFM) is an annual project foreseen in the scope of the NSFE action plan and is lead by the Central Bank in Armenia. The project was launched in 2013. The purpose of the project is to actively promote the importance of personal finance management by organizing different educational and entertaining events. MFM events cover the following topics: efficient savings, debt management, budget planning, personal rights protection and other questions related to personal finance. The target group of the project is the whole population; however the youth are the majority

of participants. More than 35 private and public institutions are collaborating for the realization of the MFM. MFM includes numerous sub-projects listed below:

- **Educational and awareness raising interactive posts** in financial educational website and linked social networks (Facebook, Twitter, YouTube, Instagram) relating to the personal finance management. Due to the MFM campaign the number of the Facebook followers increases for around 4000 users annually.

- **Financial Contests**

Art Competition for children on the topic “Why do I save”. The children between 5 and 12 years draw their wishes and dreams which can be obtained due to savings.

Wikipedia contest targeting wide society intends to increase the articles on personal finance in the Armenian language.

- **Open Seminars on Financial topics.** The representatives of financial institutions conduct seminars on different financial topics. Participation is free of charge and open to everyone upon registration. Every year MFM hosts 24 seminars with around 500 participants annually.

- **Financial Bus Tour.** The principle is to organise a drop on drop off financial tour with a guided excursion to the financial institutions. The Bus Tour serves as an icebreaker between the organizations and the population. In every tour, the participants visit 3 financial institutions, receive answers to their questions, participate in small competitions and win awards. Each MFM includes 8 tours with more than 500 participants.

- **Intellectual competition “What? Where? When?”** in cooperation with the official representative of this game in Armenia. More than 150 students from Armenian universities take part in the event.

- The other projects of the My Finance Month are the Financial Debates, Savings Game, Club Discussions, and Open door days to the Pension Fund managers.

c. Financial Education for Migrants

In Armenia, the NSFE and its action plan do not include any specific financial education project for migrants. Thus, there is no project undertaken by CBA in this regard yet. However the Board member of the Central Bank showed an interest in migration as a key topic, noting that both immigration and emigration are important in Armenia, with nearly 10 000 Syrians in need of integration into the Armenian society.

Other financial education initiatives for migrants are planned outside of the scope of the national strategy. In May 2017, the Government of Armenia approved a strategy and an action plan (2017-2021) for the migrants support and effective implementation of policies in this regard. The strategy also includes a financial education programme for migrants planned for 2018-2019. The Main responsible bodies for the project are Central Bank of Armenia, the Ministry of Economic Development and Investments and the State Migration Service of Armenia.

The Savings Banks Foundation for International Cooperation (SBFIC) together with the GIZ Armenia has implemented the project for Syrian refugees in Armenia called “Economic integration of Syrian refugees in Armenia” in 2016 - 2017. The objective of the project was to promote their

integration with the help of introductory seminars on important issues of daily life in Armenia. The seminars cover questions concerning the financial sector of Armenia and day-to-day personal finance management.

d. Financial Education for Rural Areas

Since 2016, a nationwide financial education project for the rural population is implemented in Armenia. The model of the project is a 2-day (3 hour daily) interactive workshop for the adult rural population via the certified trainers. The principles of the project are 1) Continuous education for rural population, 2) Formation of trainers in every region of Armenia, 3) Short-term and long-term pre/post evaluation for knowledge, skills, attitude and behaviour.

The project is initiated in the Partnership with Savings Banks Foundation for International Cooperation (SBFIC). The 2-day workshops on personal finance management has been developed and tested via focus group assessment. A training of trainers' module has been developed and 11 instructors from 6 regions have been trained and certified by CBA. Since then, workshops in 50 villages from the 6 regions have been conducted by trainers. In 2012017, based on the data collected from the treatment and control villages CBA tested the effectiveness by applying experimental research methodologies (e.g. pre-post evaluation, randomized control trials (RCT)). The short-term evaluation results were published, soon the long-term evaluation results will be available as well.³⁹

In 2018, the project was implemented in cooperation with the American University of Armenia in the 6 regional hubs of the university. The project was run on a smaller scale focusing more on the youth in rural areas.

In 2017, another project targeting rural communities were initiated in cooperation with CGAP. This project seeks to develop complementary financial education interventions for the Central Bank of Armenia, aimed at solving the financial needs of low-income rural Armenians using behaviourally informed research and design methodologies that leverage a human-centered design process. As a result, new financial education interventions were developed which are expected to be piloted in 2019.

e. Other financial education projects

Web sites

In 2009, The CBA created a financial educational website www.abcfinance.am, which was [updated](#) with modern approaches and new design [in 2017](#). The website contains simple and user-friendly educational materials structured around different target groups, different financial services, and different life events. The website also contains calculators, games and others interactive tools. Abcfinance.am is linked to the social media channels such as Facebook, Twitter, Instagram and YouTube. The Facebook page has around 35 000 followers as of 2018.

³⁹ <https://www.afi-global.org/publications/2716/The-Effectiveness-of-Short-Term-Financial-Education-Workshops-in-Rural-Areas-The-Case-of-Armenia>

In 2017 another helpful web page was launched. Fininfo.am is an online shopping tool developed to enable consumers to make optimal decision between various options of financial products available in the financial sector.

Visitor Centre of CBA

The Visitor Centre is a financial museum located in the historic building of the CBA. The Visitor Centre was established in 2011, with the aim to increase public awareness of the operations and the role of the CBA by using various educational methods.

Exhibition resources include 24 static displays and 2 interactive zones, i.e. a laboratory for checking notes and coins, an automated teller machine, 2 sets of multimedia games, a movie on the history of the national currency, 2 movies on the history and activities of the CBA, cartoons on price stability and financial system's operations, and thematic video-clips.

High School and University Students are the main target groups of the Visitor's Centre. The Visitor Centre is open to anyone interested in the history of money, the functions of the CBA and in the monetary policy. The Visitor Centre hosts around 10 000 attendees annually.

The Visitor Centre also implements circulating exhibitions and visits to different regions of Armenia.⁴⁰

Games

The CBA is using games to deliver education in an interactive way. Among the board games the Savings Game and Budgeting Game can be listed, which target students and primary school children respectively. CBA has developed online games such as the Financial Football Game (in cooperation with the VISA international) and the money puzzle. Both of the games are available on the abcfinance.am webpage and delivering high engagement annually. In cooperation with the authors of the "Otherwise" card game the CBA has adapted the game to the financial and economic sector developing the "Finance Otherwise" card game.

Other projects

Other on-going financial educational projects are realized by the CBA and other interested institutions in Armenia. These projects include:

- Publications for general public: Financial Advice from Experts and Budget Planner,
- TV awareness video campaigns on Pension reform and Financial fraud and schemes,
- Different articles on personal finance and a special portal in digital media named "Wallet",
- Seminars for different target groups such as military workers, children, students, etc.
- Other projects for different target groups.

⁴⁰ <http://visitorscenter.cba.am/>

5. POLICY SUGGESTIONS FOR ARMENIA

Armenia has a well-established legal and institutional status in term of financial education. Since 2007, different financial educational initiatives have been initiated and implemented by CBA as well as several organisations in Armenia. Starting from 2014, financial education is guided by the National Strategy on Financial Education (NSFE), that sets up a collaborative multi-agency framework and platform coordinated by the Central Bank of Armenia: The Steering Committee of Elaboration and Implementation on NSFE with more than 20 public, private institutions and NGOs members. The Committee is coordinated by the CBA. NSFE steering committee meetings are held every quarter.

Armenia is well advanced in term of development and implementation of financial education policies. Being one of the main priorities of the government, financial education policies are being actively implementing in the country under the NSFE.⁴¹ Armenia should continue its effort according to the model already set up in the country, which seems to be an efficient approach for Armenia.

Given its strong institutional capacity and practical experience in financial education policy and programming, Armenia is well positioned to become a regional example of how to develop and implement a national strategy for financial education. Armenia should continue to share its experience with other countries in the region to allow them to use the best practices of the Armenian model in theirs efforts to implement their national strategies of financial education.

OECD encourages Armenia to continue to collaborate internationally and put in place good international practices and recommendations. Armenia is also well advanced in applying good practices and recommendations provided by international organisations, including the OECD. Most of them have been adapted to the Armenian context and reality.

Armenia is making significant efforts to utilize the full potential of monitoring and evaluation. Since 2014, Armenia in cooperation with Alliance for Financial Inclusion developed its own methodology Financial Capability Barometer for the assessment of financial literacy across the country. It is a comprehensive toolkit based on the specificities of the country as well as the measurable targets and financial education topics covered by NSFE. The next FCB study is planned to be held in 2019 before NSFE and its action plan revision. In addition, Armenia applies different impact evaluation methods to assess the effectiveness of separate interventions. The application of impact evaluation measures and behavioural insights creates an important basis for effective policymaking.

The results of OECD/INFE financial literacy survey (2017) provide valuable insights into the financial literacy needs of Armenia and possible suggestions for policy makers. The financial

⁴¹ Protocol Decision N47 RA Government Session “the National Strategy of Financial Education of the Republic of Armenia and the Action Plan 2014-2019”; November 13, 2014

education framework seems very well established in Armenia. The legal and institutional bases have been put in place, which creates a favourable environment for the efficient implementation of financial literacy programmes. However, the OECD/INFE survey (2017) reveals that the level of financial literacy remains low in Armenia, even though a positive change has been identified since the FCB latest national survey in 2014, and that some specific subgroups could be targeted largely.

Considering that the NSFE and its action plan will be revised in 2019 the insights from financial literacy survey with OECD/INFE toolkit and the results of the upcoming report defining the needs of migrants in term of financial education can provide valuable suggestion for policy makers.

6. PROPOSED APPROACH TO DEFINE PRIORITIES FOR THE NSFE FOR NEXT YEARS

Key areas	Policy suggestions
1. Setting policy priorities	a. Continue using evidence-based approaches to policy priority setting and the design of NSFE action plan in 2019
2. Targeting and delivery	<p>b. Continue to conduct segmentation of population and design targeting approaches to reach specific target groups, specifically the women</p> <p>c. Develop financial education programmes taking into account the upcoming report defining the needs of migrants in term of financial education</p> <p>d. Continue to follow new emerging trends such as behavioural insights and digitalisation.</p>
3. Monitoring implementation and evaluating impact of financial education programmes	e. Continue evaluation of programmes and improve the documentation and dissemination of results of financial education programmes.

6.1. Setting policy priorities

a. Continue using evidence-based approaches to policy priority setting and the design of NSFE action plan in 2019

The results of the OECD/INFE financial literacy cross-country survey provide valuable insights into the financial literacy needs of each of the CIS countries covered by the OECD/INFE project. The

dedicated data collection exercise and analyses are a good opportunity for Armenia to assess the financial literacy from an OECD/INFE perspective and to benchmark the country regionally and internationally.

Policy makers could take into account the findings and use them in the revision of the priorities of the NSFE in addition to FCB survey, to be held in 2019. The results of the OECD/INFE could be an interesting perspective and add value for policy makers in the short and long term. Programmes could benefit from the experience of the OECD/INFE more widely.

Although all components of financial literacy are important to be addressed, some findings highlight few possible directions for the next 5 years:

- **Emphasise programmes that will highlight the importance of gaining financial knowledge and will contribute to reducing consumers' overconfidence.** The OECD/INFE survey has shown that scores in some financial literacy components, especially financial knowledge (52% of adults attaining the minimum target score) and financial attitude (48%), remain low in Armenia. At the same time, Armenians have a high overconfidence in their knowledge (respondents in Armenia are not very likely to consider themselves to have lower than average financial knowledge (just 8% did so) and relatively many people rate themselves as having higher than average knowledge (20%). Continuing and expanding the implementation of financial education in schools could limit this phenomenon for the next generations. In the short term, to address overconfidence among the adult population, it would be important to identify and prioritize programmes that would focus on increasing knowledge and changing attitudes about the benefits of gaining new financial knowledge and skills.
- **Emphasise programmes to increase positive behaviour and attitudes towards the long term.** The results of the OECD/INFE survey have demonstrated that the majority of Armenian population tend to live for today and do not prioritize long term planning and saving. A lack of forward-looking attitudes might affect the actions and financial behaviour of population in a way that will limit consumers' financial resilience and well-being in longer-term.
- **Continue to implement programmes regarding debt and the safe use of credit,** building on the OECD/INFE survey results showing that 76% of respondents have reported that they could not always make ends meet, and two thirds had borrowed money the last time this had happened.

6.2. Targeting and delivery

a. *Continue to segment of the population and to design approaches to reach specific target groups, including women, for the next 5 years.*

The NSFE of Armenia already follows a targeted approach. Several programmes have been implemented for children, youth, rural population, in addition to programmes for the general population. The OECD/INFE financial literacy survey revealed that women were significantly less likely than men to achieve the knowledge target, and this finding holds even after taking into account other factors.

The NSFE has already defined women as a vulnerable target group, but no significant efforts have been developed to increase the level of financial literacy of women. Thus, in the next years, stakeholders on the NSFE could make more efforts on financial education for women.

b. *Develop financial education programmes taking into account the needs of migrants in terms of financial education*

Taking into account that migrants are a key priority for the Armenian government, it may be relevant to develop financial education activities and materials adopting the of the upcoming OECD regional report produced to analyse the needs of migrants and their families in terms of financial education in CIS. This report will analyse the needs of migrants and their families in terms of financial education in CIS and will be published in 2018-2019. The report would include an analysis of the Armenian case and provide recommendations on financial education for migrants and their families in the region.

c. *Continue to follow emerging trends such as behavioural insights and digitalisation.*

Armenia has recently started to use behavioural insights in developing some financial education programmes, such as financial education in schools and financial education for rural populations. Given that Armenia is already active and advanced in implementing financial education, policy makers could increase their efforts in applying behavioural insights for a wider range of financial education programmes and in developing further capacity in using this approach. The OECD experience on this could be a useful base for this.⁴²

Digitalisation is another sphere where Armenia could further develop its potential, as a limited number of programmes using the digital tools have been identified in the country. The CBA launched a new version of its financial education website, but policy makers could initiate the creation of additional tools, such as mobile phone applications on budgeting and saving, and games for example. Given the high access of the Armenian population to internet and mobiles devices, the use of technology may present several advantages for reaching a large number of people, reaching specific target audiences, and achieving financial education outcomes. Higher levels of financial literacy and financial well-being may be achieved in Armenia and globally by using digital tools to

⁴² <http://www.oecd.org/finance/The-Application-of-Behavioural-Insights-to-Financial-Literacy-and-Investor-Education-Programmes-and-Initiatives.pdf>

improve access to financial information and advice; reinforce core competencies, confidence and experiences with finance; enhance money management skills and control over finances; address and possibly overcome consumers' personal biases.

6.3. Monitoring implementation and evaluating impact of financial education programmes

a. Continue evaluation of programmes and improve the documentation and dissemination of results of financial education programmes.

The NSFE of Armenia has defined the importance of evaluating the impact of financial education programmes. In this regard, policy makers of Armenia have reported that they use various evaluation methods before-and-after questionnaires, interviews, and existing data to evaluate a high number of programmes. Key programmes are piloted and evaluated before full-scale implementation.

However, more efforts could be done to document evaluation results and share lessons learnt among stakeholders (and potentially the public). To further benefit from evaluation, policy makers could consider sharing findings with interested parties, academics, and possibly the public, to gain a better understanding about the process and results of financial education programmes. At the same time, documenting and archiving this type of information would be beneficial for policy makers for the future, in order to focus resources on the most effective programmes and tools, and to fine tune those that are not working as intended.

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